

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01

XMB-02 NSCE-00 SSO-00 USIE-00 INRE-00 /109 W

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O R 300542Z JUL 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC IMMEDIATE 5914

AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY LONDON

C O N F I D E N T I A L JAKARTA 9964

EO 11652: GDS

TAGS: ENRG ID

SUBJECT: INDONESIA-JAPANESE LNG TRANSPORTATION

REF: A) STATE 188414, B) JAKARTA 9909

1. I CALLED SEPARATELY ON MINES MINISTER SADLI AND PERTAMINA PRESIDENT GEN. HARYONO MORNING JULY 30 TO EXPRESS USG CONCERN OVER POSSIBLE CANCELLATION OF PERTAMINA-BURMAH LNG TANKER CONTRACT AND TO URGE THAT WIJARSO BE ALLOWED PROCEED WITH FLEXIBILITY IN CURRENT DISCUSSIONS. EACH WAS GIVEN COPY OF TALKING POINTS.

2. GEN. HARYONO INDICATED TO ME THAT AS OF PRESENT TIME NO REPEAT NO DECISION ON LNG TANKERS HAD BEEN MADE. HARYONO, WHO HAS BEEN IN TOUCH WITH BOTH WIJARSO AND PERTAMINA'S TOKYO OFFICE, SAID INDONESIA IS CONSIDERING THREE POSSIBLE OPTIONS: 1) CANCELLATION OF BURMAH-GENERAL DYNAMICS ARRANGEMENT; 2) STATUS QUO OR NO CHANGE; 3) CANCELLATION OF BURMAH CONTRACT ONLY. HARYONO AND SADLI BOTH INDICATED
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THEY WERE FACING STIFF PRESSURE FROM JAPANESE RO REVISE

CURRENT TRANSPORTATION ARRANGEMENTS. BOTH HARYONO AND SADLI SAID INDONESIAN DECISION WOULD BE BASED ON ECONOMICS. IF ALTERNATE PROPOSALS LODGED BY JAPANESE COULD MEAN SHIPPING RATES TWO OR THREE CENTS CHEAPER, GOI WOULD BE TEMPTED. IN RESPONSE, WE EMPHASIZED ECONOMIC ADVANTAGES OF MARAD GUARANTEE AND APPARENT WILLINGNESS BT TO RECONDIER FREIGHT RATES. WE DISCUSSED WITH SADLI AND HARYONO OUR APPROACHES TO JAPANESE GOVERNMENT.

3. WE STRESSED TO EACH IMPORTANCE USG PLACES ON MAINTENANCE OF EXISTING CONTRACTS AND EXPRESSED OUR APPRECIATION OF WIJARSO'S POSITION. GEN. HARYONO SAID HE WAS GRATEFUL FOR ASSISTANCE AND UNDERSTANDING US HAD SHOWN OVER THIS MATTER. HE INDICATED THROUGHTOUT OUR CONVERSATION HE WOULD DO HIS "UTMOST" TO MAINTAIN EXISTING LNG TRANSPORTATION ARRANGEMENTS. HE SAID THAT NO DECISION WOULD BE MADE ON THIS WITHOUT HIS CLEARANCE; HE INDICATED THAT HE WOULD CONSULT WITH ME DIRECTLY BEFORE MAKING FINAL DECISION. NEITHER MENTIONED POSSIBLE GOI RELEASE OF FUNDS TO PERTAMINA (PARA 5, REF A).
NEWSOM

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Margaret P. Grafeld
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